Alexandria City Public Schools

Budget Advisory Committee

Limited Budgetary Risk Engagement

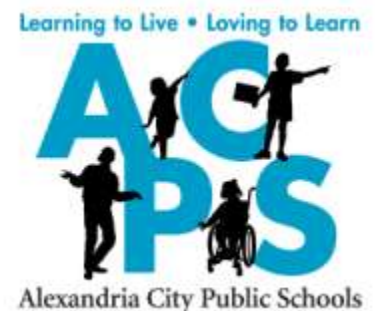## 30 June 2018

Table of Contents

Executive Summary

The Alexandria City Public Schools (ACPS) Budget Advisory Committee (BAC) charter includes providing recommendations to the School Board about how to reach ACPS goals in a budget constrained environment. As part of this responsibility, the BAC conducts reviews of ACPS processes, procedures, documents, and decisions in an effort to add insight and potential improvements to ACPS overall budget prioritization.

This year, the BAC undertook a review of parts of the Combined Funds budget for FY 2019 through the lens of a risk assessment. This report includes the process and outcome of our risk assessment to the School Board at the next Regular School Board meeting. The BAC believes this type of process would benefit the board and staff in ensuring programs that are funded in the budget align with the strategic plan and with the highest needs of the school division. Our intent was to assess risk to the ACPS mission and provide a potential "proof of concept" for how such a method can be incorporated into the overall budget process.

In this effort, the ACPS BAC examined the budget behavior of the recent FY2019 budgetary cycle in an effort to identify whether decisions are consistent with Budget Priority, the ACPS Strategic Plan, and implied Risk tolerance. Although this is only a cursory examine/review, the process by which we conducted the assessment may be helpful for future use.

The overall outcome of our assessment is that ACPS budgetary decisions are consistent with its risk tolerance, Budget Priorities and Strategic plan. This is all good news; but more can be done to move toward a proactive rather than reactive decision process. This assessment also provides insights into techniques that could illustrate a rigorous budget process that communicate transparency to the public about the informed decision trade-offs made in a resource constrained environment.

Here-in, the ACPS BAC provides five (5) recommendations for the ACPS Board to consider (in no particular order):

- BAC Members be included in ACPS Strategic Planning;
- ACPS Budget Guidance should include upfront guidance on what are the risks (both positive & negative) to the ACPS mission and level of risk tolerance (acceptable & unacceptable);
- ACPS Board should consider developing ACPS Budget Guidance that includes an annual Top-10 list in priority order to reinforce its priority-based budgeting approach;
- Establish an ACPS Risk Management Framework and Plan that lays the foundation for Risk / Opportunity Discussions and enhance budget formulation; and,
- Use the MUNIS System to capture Risk at the project/budget item level from functional/school leaders.

Introduction

Background: As part of our charter, we are to make budget recommendations to the School Board about how to reach ACPS goals in a budget constrained environment. One concern of the Budget Advisory Committee (BAC) with previous ACPS budgets is the perceived deferment of risk. During our discussions, we decided to pursue a risk assessment of the budget. We also wanted to review whether the budget processes were consistent with ACPS Board Priority and the ACPS Strategy. Our methodology includes business practices consistent with industrial practices of risk assessment and are limited to the scope and capabilities of the BAC staff.

Examine Goal #6 of the ACPS 2020 Strategic Plan, making budget recommendations to the School Board about how to reach the goals in a budget constrained environment.

Clearly if resources were unlimited, ACPS would fund all needs/requirements to accomplish all the strategic goals /mission with zero risk. If any risk, issue or need materialized under such a scenario, the organization would simply spend our way out of it. However, this is neither practical nor rational – we must identify risks to our goals and mission, evaluate the likelihood and severity, and prioritize programs/actions that proactively address those issues/risk deemed necessary to mitigate.

Essentially, we set out to explore two very basic questions:

- First, Do ACPS Budget Decisions reflect Priorities/Risk?; and,
- Second, Does the ACPS budget mitigate the risks to ACPS goals?

During our journey to answer these two questions, we encountered some challenges, some discoveries, some processes, and some best practices.

Purpose: Our purpose therefore, is to ensure the budget is consistent with the ACPS strategy and its current priority of effort while minimizing risk to its goals / mission in the most efficient and effective way possible.

Scope: This is a high-level, cursory examination to determine if ACPS Budget decisions, Combined Budget Priorities, and ACPS Strategy are consistent. The BAC will provide recommendations on Budget priority and risk mitigation as a result of this review. The BAC leveraged previous work (such as the 2013 Risk Assessment), the Strategic Plan, the publicly available Add/Delete spreadsheet, and our liaison team. Given the time and resources a full Risk Assessment and Management Plan would entail, the ACPS BAC is not equipped for a full blown, in depth study. We did not conduct surveys but may recommend them in a future effort. Likewise, we do not evaluate potential strategic risks but may make recommendations for further action/study to the School Board

Overall Approach

Simply, the ACPS BAC approach was to examine ACPS budgetary decisions against ACPS strategy and ACPS Board Budget Priorities. Our approach was to first collect information on ACPS Priorities, Budgetary Decisions, and the Strategic Goals/Objectives. We collected and assessed the ACPS priority item list to arrive at an affinitive top-10 priority item set to represent ACPS priorities. Next, we collected and categorized the Add/Delete budgetary line items to provide a proxy for budgetary (operational) risk behavior – essentially looking at tradeoffs. Last, we examined whether the ACPS operational risk (as represented by the Add/Delete) process was consistent with ACPS Strategy. The overall results of our high-level/cursory examination are that ACPS Budgetary Decisions are consistent with risk tolerance, Board priorities, and ACPS goals.
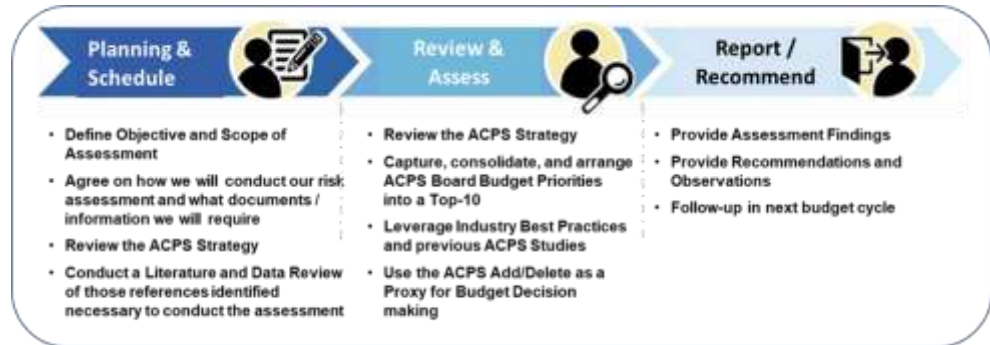
In order to accomplish this review, the ACPS BAC conducted the following steps / activities:

- Review the ACPS Strategic Plan to ensure that the BAC had a collective and common understanding of the Mission, Goals, and Objectives of the organization;
- Collect the ACPS Board Budget Priorities (Both the FY 2019 – 2028 CIP Budget Priorities and the FY 2019 Combined Funds Budget Priorities);
- Collect Add/Deletes (in a point in time) as a proxy of Budget Priority behavior;
- Develop/adapt industry practices for assessing ACPS priority of Add/Deletes;
- Determine an implied risk tolerance based upon Add/Deletes using these practices;
- Collect and Analyze ACPS Board Stated Priorities;
- Review and assume a hierarchy of ACPS Strategic Goals;
- Compare Budget, Strategy, and Priorities for consistency;
- Report on findings and make any recommendations to the School Board

The BAC's approach was to examine the Add/Delete items as a proxy for risk and overall budget decision practices and compare them with the Board budget Priority Guidance and ACPS Strategy. In addition, members of the BAC agreed upon a set of guidelines that look forward and do not fall into the trap of second-guessing the ACPS decisions; but to make recommendations to improve the overall budget. The approach that follows is consistent with the objectives, scope, and limitations stated herein this document.

Review of Strategy

An organization's mission, goals, and objectives are the backbone of budget formulation. One way another, the people, programs, and activities that are funded and executed by the budget are tied to the strategy. Alexandria City Public Schools budget should be no different.

ACPS mission is that Every student succeeds: Educating lifelong learners and inspiring civic responsibility. The goals associated with this mission are:

- Academic Excellence and Educational Equity: Every student will be academically successful and prepared for life, work, and college.
- Family and Community Engagement: ACPS will partner with families and the community in the education of Alexandria's youth.
- An Exemplary Staff: ACPS will recruit, develop, support, and retain a staff that meets the needs of every student.
- Facilities and the Learning Environment: ACPS will provide optimal and equitable learning environments.
- Health and Wellness: ACPS will promote efforts to enable students to be healthy and ready to learn.
- Effective and Efficient Operations: ACPS will be efficient, effective, and transparent in its business operations

Fortunately for the BAC, we had an expert (Mr. John Lennon) in ACPS Strategy. His understanding of the document, genesis of the objectives, and overall ideas and strategic vision were very valuable to our

Recommendation #1: BAC Members be included in ACPS Strategic Planning.
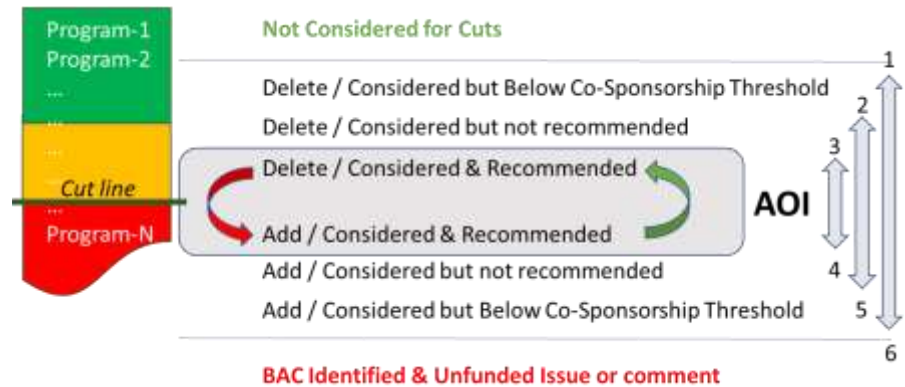
discussions. One self-observation by the committee is that BAC members be thoroughly familiar with the ACPS Strategic Plan. It would be helpful if BAC Members be included in ACPS Strategic Planning. We discuss strategy and how it was used in our assessment later in this report.

Budget Trade-off Decision Behavior

Budgetary prioritization (1-to-N list) should be informed, consistent with strategy, and reflect ACPS risk tolerance. Our understanding is that the ACPS budgeting process is consistent with industry practices. In general, the formulation of budget starts with the Strategic Goals and Objectives; Legislative Policy and Statutory mandates/directives; Current Requirements; and Emerging needs. These all impact how the programs are built and what they require to fulfill all those inputs. Each school / office within ACPS uses the Enterprise System, MUNIS, to enter the requirements for the current portfolio. ACPS Budget then analyzes those needs against the ACPS current budget and Budget Guidance, ultimately arriving at a Prioritized budget with a Budget "Cut line". The Board then conducts trade-offs during an Add/Delete drill prior to finalization of the budget. It is this Add/Delete process that we believe best represents the
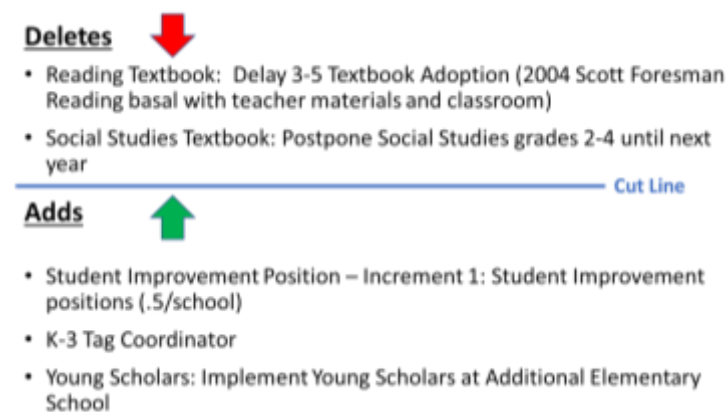
Risk Tolerance of the ACPS and is the focus of our assessment. Of particular focus is what we have termed the "Area of Interest" or AOI.

To conduct our assessment of Budget Priority, the ACPS BAC used the Add/Delete list publicly available (see Appendix A). We developed some simple rules for "finding" the AOI (ACPS' trade space) for budget priority. These rules included:

Program-1
Program-2
...
...
Cut line
Program-N

Not Considered for Cuts

Delete / Considered but Below Co-Sponsorship Threshold — 1

Delete / Considered but not recommended — 2

Delete / Considered & Recommended — 3

Add / Considered & Recommended — AOI

Add / Considered but not recommended — 4

Add / Considered but Below Co-Sponsorship Threshold — 5

— 6

BAC Identified & Unfunded Issue or comment

- Considered But Below Co-Sponsorship Threshold - Items must be on the list to either Add or Delete, they do not have enough "votes"/sponsorship by ACPS Board members to attain co-sponsorship and thus not candidates for the AOI;
- Considered But Not Recommended – Again, these are on the list to either Add or Delete. They also have Co-Sponsorship of the Board. However, they are not recommended by the Superintendent of Schools. Thus, they are not candidates for the AOI (but are a little closer);
- Considered & Recommended – These items are Co-Sponsored and are recommended by the Superintendent. They are candidates for the AOI and represent trade-offs stakeholders are willing to discuss.

Together, all of these items represent a range of risk tolerance and budget priority for the ACPS budget. Actions associated with this process represent decisions and attitude of what the Board and Superintendent are willing to discuss in terms of tradeoffs. In our examination, a total of five (5) line-items (two "Deletes" and three "Adds") reside in the AOI. A detailed "Risk Assessment Fact Sheet" for each item is found in Appendix B. In no particular priority order, the "Deletes" were: *Reading Textbook* and *Social Studies Textbook* lines and the "Adds" were: *Student Improvement Position*; *K-3 Tag Coordinator*; and *Young Scholars*. As time went by, various decisions would

Deletes

- Reading Textbook: Delay 3-5 Textbook Adoption (2004 Scott Foresman Reading basal with teacher materials and classroom)
- Social Studies Textbook: Postpone Social Studies grades 2-4 until next year

— Cut Line

Adds

- Student Improvement Position – Increment 1: Student Improvement positions (.5/school)
- K-3 Tag Coordinator
- Young Scholars: Implement Young Scholars at Additional Elementary School

fund or change some of these line items, but we were more focused on the Budgeting Risk behavior and picked this point in time as a static period with which to make our assessment. This static point in time gave the BAC an ability to conduct our assessment.

Risk Review and Application

The ACPS BAC overall assumption is that the ACPS Add/Delete line items and the process by which they are adjudicated are a representative proxy for the organization's risk tolerance. Risk is inherent in every

organization. Organizations which fail to identify and mitigate risk may incur irreparable harm to their operations, reputation, and service to customers. Dealing with risk means dealing with uncertainty which falls into two general risk areas – known and unknown. Known risk can be identified, analyzed, and plans to mitigate and budget for them proactively are possible. Unknown risks, by definition, cannot be proactively addressed.

Within the industry, there are over a half-dozen types of risk. Many of these were identified and defined in the ACPS 2013 Risk Assessment. Given the limitation of time and resources, the BAC focus deals primarily with:

- Strategic Risk. This is defined as the "inability to meet operational goals, objectives, or strategies". We leverage heavily on the Strategic Plan in this examination and use it as a benchmark for consistency of Budgetary Priority and Risk tolerance. The key focus here is: "Does the budget mitigate risks to meeting the mission of ACPS?"
- Customer Service / Delivery Risk. We will also have attempted to address Customer Service/ Delivery Risk (i.e., "Failure to provide service to internal or external customers – e.g. staff or students"). The focus here is on the "bang for the buck" and consists of two points of view. First, what could go wrong that would interrupt operations? Second, what is the probability that the risk would occur? The key focus here is: "Would a reasonable person use their resources to reduce the risk to proactively maintain or avoid the risk?"

When most individuals discuss risk, they are referring to negative risk. There are several strategies to addressing this type of risk – avoidance, transference, mitigation, or acceptance. There is a corollary. In traditional risk analysis, there are also "positive risks" (more commonly referred to as "opportunities). Strategies for this type of risk include: exploiting, sharing, enhancing, or accepting. For this assessment, we are only discussing Negative Risk – we just wish to insure the Board that we do realize there are potential opportunities.

The inclusion of priority to resource management and risk assessment is a very common practice. Resources (in this case the ACPS budget) are not unlimited and the occurrence of risk and how ACPS addresses it should be based upon a priority. It is commonly accepted that risk is made up of two parts: the probability of something going wrong; and, the negative consequences if it does. Consider the following example – health insurance for two individuals. The first individual, Person "A", is a smoker, drinks heavily, and works in a high stress job. The second individual, Person "B", doesn't smoke, eats a perfectly healthy diet, exercises daily, and is in a low stress job. Which person is likely to pay a higher insurance premium? All else being equal, you should answer Person "A". Why? Simple – the risk of "A" is higher. There is a higher probability that Person "A" will get ill. Moreover, given his/her life style, the consequences of that illness are likely to be more serious. Our analysis of risk to the ACPS mission is no different. We prioritize the risks identified using a risk probability and consequence matrix.

To expedite our assessment, we decided to leverage the ACPS 2013 Risk Assessment's definition of "Probability" levels and "Consequence" levels. The Impact level reflects the consequences & severity of risk. The Likelihood reflects the probability of the occurrence of risk. The ACPS BAC assigned values to each respective level. The following are the levels for both Probability and Consequence and defined in the 2013 Risk Assessment study by Cherry Bekaert. We've slightly modified the definitions to accommodate our assessment. Again, we've added values based to each level based upon industry practices.

Probability (Likelihood):

Level	Value	Definition
High	0.80	A risk that is almost certain to show-up during execution. An immediate and high degree of vulnerability such that it is critical that the risk be managed and controlled in order for this area to achieve its objectives.
Moderate	0.50	Risks which have a near 50/50 probability of occurrence. Risk present should be addressed and controlled but the probability is not as severe as defined above.
Low	0.15	Risks that have a low probability of occurrence but still cannot be ruled out completely. The threat of a serious event occurring is either not-existent or remote.

Consequence (Impact):

Level	Value	Definition
High	0.75	If an event occurs, the financial ramifications would be severe and/or operations would suffer long standing consequences.
Moderate	0.25	Indicates that the resulting consequences of an event would be negative and must be managed but would not have a substantial effect on finance or on-going operations.
Low	0.10	Indicates that the event occurring would have little or no impact financially or operationally.

As a group, the BAC assigned probability and consequence factors to each of the Add/Delete line items

	Consequence	Probability	Risk
① Young Scholars	0.75	0.8	0.6
② Student Improvement Position	0.75	0.5	0.375
③ Reading Textbook	0.25	0.8	0.2
④ K-3 Tag Coordinator	0.1	0.5	0.05
⑤ Social Studies Textbook	0.1	0.15	0.015

consistent with the discussion above regardless of whether the item was an "add" or a "delete". For example, when the BAC discussed the Young Scholars program, our overall conclusion was that if the Young Scholars program was "certain to show-up during execution" (scoring a "High" probability figure of 0.80) and if it were not activated/funded "operations would suffer long standing consequences" (scoring a "High" consequence figure of 0.75). The overall risk score for Young Scholars was 0.60 – a "high risk" in the risk matrix. Reasonably, the higher the overall score of risk, the more action (funding) would be appropriate. So, the Risk and the Budget should be consistent if this logic holds and those line items in the "red" cell of the risk matrix should be "Add" and receive higher priority funding than those items in the "Yellow" and "Green" parts of the matrix. Line items that fall in the "Yellow" (Medium Risk) would be next in priority. From strictly

a Risk Analysis point of view (and at the Cursory level), the BAC analysis indicates Young Scholars is a MUST fund program if you intend to reduce risk. The Student Improvement Positions (0.5 FTE per
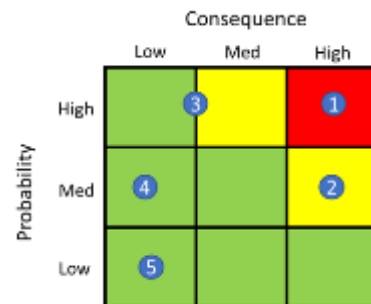
School) and the Reading Textbook SHOULD be funded. And, the K-3 TAG Coordinator and Social Studies Textbook items are Low risk issues and funding would be dependent upon availability.

Overall, we would recommend that the ACPS Board consider Risks (both positive and negative) at the beginning of each budget cycle and incorporate those that fall within the High-Risk area into the ACPS Budget Guidance.

Recommendation #2: ACPS Budget Guidance should include upfront guidance on what are the risks (both positive & negative) to the ACPS mission and level of risk tolerance (acceptable & unacceptable)

Budget Priorities

Naturally, there are budgetary constraints that may require prioritization of the requirements to support programs and/or activities to best achieve the ACPS goals stated above. Each year toward the end of the Summer, the ACPS Board identifies a list of priorities that the next budget should include. This list of priorities sets the conditions for individual schools and ACPS administrative offices to formulate their budget. Everyone involved in the process inherently understands that those line items that are linked to / address priorities would have a higher likelihood of being funded.

In September 2017, ACPS School Board assembled and discussed the CIP and Consolidated Budget Priorities for FY2019. The list provided by the Board was nearly 100 "Priority Items" (See Appendix C – Budget Priorities). After combining redundant items & combining CIP and the Combined Funds Budget priorities, where appropriate, the BAC refined the list to 78 "global priority" items.

Using an Analytical Hierarchy Process (AHP) method, we sorted all 78 items based upon the information given by the Board through our Board Liaison and the ACPS Budget Representatives. AHP is an industry best practice for a group (such as the Board or BAC) to arrive at a list in relative order of importance to that group. At completion of our discussions and "voting", we were able to arrive at a Top-10 List of the "global priority" items.

Pr #	Budget Priority
1	Safe schools for students and Faculty
2	Writing: Academic Excellence and Educational Equity
3	Literacy: Academic Excellence and Educational Equity
4	Science: Academic Excellence and Educational Equity
5	Mathematics : Academic Excellence and Educational Equity
6	High school, elementary, and middle school maintenance (CIP)/Facilites Maintenance (Combined)
7	Middle and high school modernization w/capacity (CIP) /Meet Capacity Needs (Combined)
8	West End school completion and opening (CIP)/Meet Capacity Needs (Combined)
9	Elementary modernization w/capacity (CIP) /Meet Capacity Needs (Combined)
10	Building systems, up grades, renovations (HVAC, plumbing, cafeteria) & Schedules (CIP)

ACPS BAC assessed nearly 100 ACPS Board Budget Priority items to develop a "Top-10" List in order of importance. It is intended to act as a sample of what the BAC recommends as a method the Board uses to communicate it's Overall Budget Priority list

Number one on the list was School Safety. The BAC members saw that of these "Top-10", we could immediately identify three main priority topics or themes:

- Safe School Environment
- Student Success (Academic Excellence)
- Infrastructure Stewardship

The BAC did take some effort to sort through the original list as given by the Board. Our observation of this list was that it was more "tactical" than strategic; many items were either duplicative or closely associated; and there was some lack of focus in terms of which items were the most important to the Board. Given these observations, we wondered how those formulating the Budget would use the list when crafting their budgets. Our recommendation is that the Board consider developing ACPS Budget Guidance that includes an annual Top-10 list in priority order. It would also encourage staff to incorporate a priorities-based approach throughout the budget process. This method will give those building (and defending) their respective budgets an idea of what is important to the Board and how they fit into the larger picture.

> *Recommendation #3: ACPS Board should consider developing ACPS Budget Guidance that includes an annual Top-10 list in priority order to reinforce its priority-based budgeting approach*

Just under the Top-10 were priorities for Talented and Gifted (TAG) and Pre-Kindergarten (Pre-K) programs. The BAC decided to create a matrix of five (5) general Priority areas (Safe Schools; Academic Excellence; Infrastructure; TAG; and Pre-K) based upon the analysis above to represent the priorities of ACPS in general terms. We then used the AHP process to create a weigh for each priority item. Once this was complete, we simply assigned a number of 1 to 5 (1 being best) to each of the Add/Delete Line items for each priority area. The results are shown in the table below.

	Wt	Reading Text		Soc Stdy Text		Student Imprv		K3 Tag Coord		Young Scholar	
		#	scr	#	scr	#	scr	#	scr	#	scr
Safe Schools	0.28	4	1.12	5	1.40	1	0.28	3	0.84	2	0.56
Academic Excellence	0.23	2	0.46	5	1.15	1	0.23	4	0.92	3	0.69
Infrastructure	0.17	2.5	0.43	2.5	0.43	2.5	0.43	2.5	0.43	2.5	0.43
TAG	0.16	4	0.64	5	0.80	3	0.48	2	0.32	1	0.16
Pre-K	0.15	2.5	0.38	2.5	0.38	2.5	0.38	2.5	0.38	2.5	0.38
Score			3.02		4.15		1.79		2.88		2.21

From an ACPS Priority point of view, Student Improvement Positions scored the highest (1.79) followed by Young Scholars and K-3 Tag Coordinators.

Comparing Risk to Priority (and the ACPS Budget Add/Delete considerations), we see some interesting results but general consistency. The first two (2) line items (Young Scholars and Student Improvement Positions among these metrics show consistent risk mitigation and prioritization with ACPS Board decisions. There is some question on the next two (2) line items – while priority is consistent with the Add/Delete decisions, there is some inconsistency with Risk. The last line item (Social Studies Textbook) is a clear "Delete" item, low risk, and low priority. Overall,

	Add/Delete	Risk	Priority
Young Scholars	Add	1	2
Student Improvement Position	Add	2	1
Reading Textbook	Delete	3	4
K-3 Tag Coordinator	Add	4	3
Social Studies Textbook	Delete	5	5

the analysis does show general consistency between the three methods / approaches even with some small issue between the Reading Textbook and K-3 TAG Coordinator line items.

Dealing with issues means reacting to current problems (which may/may not have been "known" risks) – there is little to no uncertainty as they are in-progress. A burst pipe, leaking roof, or failed HVAC would all be examples of issues – they have occurred and the ACPS must react to provide a solution (usually unplanned). Had they been identified in a Risk Assessment, they would have been proactively addressed and definitely planned. ACPS does make some decisions in response to risk – In the past, ACPS has elected to "defer" risk (such as student capacity and facility maintenance); recently, ACPS has begun to address this type risk (better classified as an issue) with its Capital Improvement Plan (CIP).

As far as the BAC is aware, ACPS does not specifically create a Risk Mitigation Plan. However, the ACPS does: produce a Strategic Plan; conduct Budgetary Add/Delete Decisions; and identify Budget Priorities. Using these products/documents, the BAC seeks to identify ACPS budgetary budget and risks behavior, determine if they are consistency. If these products/documents are consistent, our assumption is that ACPS management and mitigation of risk (although not specifically documented as a Risk Management Framework) is indirectly addressed. Per the Project Management Institute's Project Management Body of Knowledge (PMBOK®), a consistent approach to risk should be developed and communication of that risk should be open and honest. Risk responses reflect an organization's perceived balance between risk-taking (including the deferment of decisions) and risk avoidance.

Ideally, we would recommend ACPS establish a Risk Management Plan or Framework to proactively address and reduce risk to the ACPS mission and potentially reduce unexpected costs. It should estimate the level and cost of risk to determine if the mitigation cost is worth proactively addressing. Consider the cost of mitigation as if it were "insurance".

Recommendation #4: Establish an ACPS Risk Management Framework and Plan that lays the foundation for Risk / Opportunity Discussions and enhance budget formulation

As with any investment in mitigation, the cost of that mitigation must be less than the cost of the risk itself. The current process appears to be more reactive than proactive; however, this assessment is secondary to the scope of our review. Further, it would be extremely beneficial to capture input on risks from staff/parents and community. In industry this is often referred to as the "Voice of the Customer"

(VOC). We had considered capturing VOC data but the scope of our assessment, our access to ACPS data, and our limited resources precluded such an effort. Still, this technique may be considered for a follow-on effort if built into a formal ACPS Risk Management Plan or Framework.

During deliberations among the BAC members, we discussed and debated the implied (not stated trade-offs between the ACPS Budget Add/Deletes. We could only guess at the risks associated with line items recommended for Deletion; and conversely, what opportunities were associated with the line items brought forth as Adds. We did discover that MUNIS (the ACPS enterprise resource planning (ERP) tool) does have the capability to capture risk narratives (in text form) that may add value to risk/opportunity discussions. Currently, while this field is available in ACPS' system, filling it in is voluntary. It may be worth an examination to determine rules (in a Risk Management Framework) as to when it is filled in and what is written – rather than reaching back to the line item owner for clarification during add/delete deliberations. We recommend ACPS consider using the MUNIS System to capture Risk by enforcing an entry for Risk. This may require some guidance as to how to execute.

Recommendation #5: Use the MUNIS System to capture Risk

Strategic Alignment

Ensuring the budget is aligned with strategy is important for several reasons but most of all it is to ensure the mission and vision of ACPS is resourced to maximize the organization's ability to succeed. From a perspective of this risk assessment, we assume that if the budget decisions are in alignment with the ACPS strategy, the risk the ACPS mission is overall lower; hence its inclusion in this report.

In order to conduct our assessment, we found it necessary to prioritize the ACPS Strategic goals. Again, we turned to the AHP technique to quantify the "weights" of each goal in relation to each other. We then took the Add/Delete line items and evaluated (using a simple 1 to 5, 1 being best) ratings against each of the goals. Below is the result of our discussions and ratings – which did initially surprise us that "Reading Text" was Number 1. As we pondered and discussed, it became clearer that Reading was an essential point for the ACPS overall mission and academic Excellence.

	Wt	Reading Text (1)		Soc Stdy Text (5)		Student Imprv #1 (2)		K3 Tag Coord (4)		Young Scholar (3)	
		#	scr	#	scr	#	scr	#	scr	#	scr
Academic Excellence & Educational Equity	0.29	2	0.58	4.5	1.31	3	0.87	4.5	1.31	1	0.29
Family & Community Engagement	0.03	4.5	0.13	4.5	0.13	3	0.09	1	0.03	2	0.06
An Exemplary Staff	0.31	2	0.61	5	1.53	1	0.31	3	0.92	4	1.22
Facilities & Learning Environment	0.19	1	0.19	3.5	0.65	3.5	0.65	3.5	0.65	3.5	0.65
Health & Wellness	0.03	3	0.10	4.5	0.15	1	0.03	4.5	0.15	2	0.06
Effective & Efficient Operations	0.16	1	0.16	4.5	0.70	3	0.47	2	0.31	4.5	0.70
Score			1.76		4.47		2.42		3.36		2.99

Overall, there was some consistency when comparing how the Add/Delete line items compared to risk. The three top figures for Risk are also the same for meeting Strategic goals/objectives. From these two points of view, Reading Textbooks would be recommended for

	Add/Delete	Risk	Strategy
Young Scholars	Add	1	3
Student Improvement Position	Add	2	2
Reading Textbook	Delete	3	1
K-3 Tag Coordinator	Add	4	4
Social Studies Textbook	Delete	5	5

funding over K-3 Tag Coordinators (all things, like cost, being equal).

Summary

As part of the ACPS Budget Advisory Committee's charter, the committee members examined two Critical Questions:

- Do ACPS Budget Decisions reflect Priorities/Risk?; and,
- Does the ACPS budget mitigate the risks to ACPS goals?

Using the Add/Delete decisions of the ACPS Board and the Board's earlier prioritization, we have concluded after our examination that the ACPS budget is consistent with priorities/risk and that it does mitigate the risks to ACPS goals.

We came up with five recommendations for the ACPS Board to consider (in no particular order):

- BAC Members be included in ACPS Strategic Planning;
- ACPS Budget Guidance should include upfront guidance on what are the risks (both positive & negative) to the ACPS mission and level of risk tolerance (acceptable & unacceptable);
- ACPS Board should consider developing ACPS Budget Guidance that includes an annual Top-10 list in priority order to reinforce its priority-based budgeting approach;
- Establish an ACPS Risk Management Framework and Plan that lays the foundation for Risk / Opportunity Discussions and enhance budget formulation; and,
- Use the MUNIS System to capture Risk at the project/budget item level from functional/school leaders.

We appreciate the ACPS Board's patience with this report and look forward to assisting with the recommendations to reach the goals in a budget constrained environment. Thank you.

Appendices

A – Add/Delete List

B – Risk Assessment Fact Sheets

C – Budget Priorities

Appendix A – Add/Delete List

Category #1: Student Improvement Position Changes

Category #2: Talented and Gifted Instruction Changes

Category #3: English Learner Instruction Changes

Category #4: Specialized Instruction Changes

ALEXANDRIA CITY PUBLIC SCHOOLS
ADD/DELETE CO-SPONSORSHIP SUMMARY

Date: 2/14/2018
Board Member: Hon. All Members - Compiled
Board Member: Info. All Members - Compiled

ACPS
Alexandria City Public Schools

Category #5 - Textbook Changes

ALEXANDRIA CITY PUBLIC SCHOOLS
ADD/DELETE COUPON BOOKSHIP SUMMARY

ACPS
Alexandria City Public Schools

Category #6: All Other Changes

ALEXANDRIA CITY PUBLIC SCHOOLS
ADD/DELETE CO-SPONSORSHIP SUMMARY

Combined Funds Budget

Date: 2/14/2018
Board Members: Non All Members - Compiled
Board Members: Still All Members - Compiled

AᴄᴘS
Alexandria City Public Schools

Risk Assessment Fact Sheet

Add/Delete Title: Delay/Postpone 3-5 Grade Reading Textbook		Item #: ML-2A/CA-3
Delete Sponsors: ML, CA, KG, BC (4)	**Super Recommended**	$612,500.00

General Description: This will delay the adoption of new textbooks but help offset the reduction of student improvement personnel. Intended to preserve student improvement positions.

This option designates funds to replace the 2004 Scott Foresman Reading basal with teacher materials and classroom libraries to support K-5 literacy instruction for 8,100 students at a cost of $151 per student, or $22 per student/year over the 7-year adoption cycle. In Year 1 this would allow all K-2 Classrooms to have teacher/student materials and classroom libraries at a rate of approximately half the cost of the TCRWP library option/solution. However, we would still need to work with community partners to complete the collections. We would repeat this process in Year 2 for the Grade 3-5 Classrooms, which would continue to use current materials in Year 1.

Details

The purchase of New Reading Texts/Materials for Grades 3-5 would be delayed until the 2019-20 School Year (Year 2). Therefore, students and teachers in these grades would not have these new materials as planned/proposed and would need to continue to use current materials in during the 2018-19 School Year (Year 1).

This budget item is for teacher materials and classroom libraries only. All other costs of implementing this initiative are covered within the existing budget and through use of current staff.

Understanding	
What is the Risk? The funding included in the FY19 Budget (Year 1) to purchase K-2 texts/materials would remain as a line item in the FY20 (Year 2) base budget and would be available to purchase the Grades 3-5 materials. Therefore, the financial risk to the plan's ability to be implemented is low.	**What's the Impact?** The immediate and most significant impact would be teachers and students in Grade 3-5 classrooms would continue to use current reading materials during the 2018-19 School Year.
What is the Probability that the Risk/Impact will Occur? If the Board approves this reduction and the current Two-Year Plan is implemented, the anticipated outcomes will be a certainty.	**Do you know why the ACPS Board considered this as a "cut" item?** As a means to reduce the amount of City Transfer requested to support the ACPS FY 2019 Operating Budget and preserve the Student Improvement positions. See Item # CA-2/ML-1/VN-1
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Risk Assessment Fact Sheet

Add/Delete Title: Soc. Studies Textbook Funding		Item #: ML-2B
Delete Sponsors: ML, BC (2)	**Super Recommended**	$51,200.00
General Description: Postpone Social Studies grades 2-4 until next year; ACPS' current 7-year contract for Grade 2-4 Social Studies textbooks expires this June (2018). These texts were paid in full the first year and have been received at no cost to ACPS for the subsequent six years. This is a consumable worktext and must be replaced each year for all rising and incoming students. If ACPS does not proceed with this replacement, students/teachers in Grades 2-4 will not have Social Studies texts from which to teach, read, and work in the 2018-19 school year.		
Details		
ACPS' current contract for these Social Studies materials expires at the end of the current school year (June 2018) and no alternative plan to obtain annual consumable materials has been identified. Therefore, removing these funds from the FY2019 Budget will result in teachers and students in <u>all</u> Grade 2-4 classrooms having <u>no</u> Social Studies materials from which to teach, read, work, and learn.		
Understanding		
What is the Risk? The Educational Risk and Impact of this item is <u>Critical</u>. This funding is included to provide annual materials/supplies for elementary classroom Core Content.	**What's the Impact?** Teachers and students in <u>all</u> Grade 2-4 classrooms will have <u>no</u> Social Studies materials from which to teach, read, work, and learn.	
What is the Probability that the Risk/Impact will Occur? If the Board approves this reduction the anticipated outcomes will be a certainty.	**Do you know why the ACPS Board considered this as a "cut" item?** As a means to reduce the increase in City Transfer requested to support the ACPS FY 2019 Operating Budget.	
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Risk Assessment Fact Sheet

Add/Delete Title: Student Improvement Positions		Item #: CA-2/ML-1/VN-1
Add Sponsors: ML, CA, KG, BC (4)	**Super Recommended**	$979,800.00

General Description: Add back Student Improvement Positions for each school (0.5); restoring a total of 7.0 FTEs (which were "cut").

Students receive academic support; VN (?) believes school-wide positions that impact literacy, math, and science and that serve our students most in need should be preserved. Allows principals to utilize personnel in areas of identified need for additional academic support; attempting to find dollars to restore all positions but may not be able to find enough cuts (CA?). ML: most schools use these positions for reading and math specialists. The .5 cut will directly affect students who need extra help.

Details

This reduction was originally proposed as a means to fund new textbooks and instructional materials in the 2018-19 School Year, thus reducing the amount of additional City Transfer requested to support the ACPS FY 2019 Operating Budget.

This item would restore a total of 14 half-time (0.5 FTE) teaching positions at each elementary school to provide instructional support for students struggling in core content areas (e.g. reading and math). The type of position that is needed at each particular school varies depending on the needs of the student population or school.

Understanding

What is the Risk that this "Add" Mitigates?	**What's the Additional Impact?**
This item would ensure that current supplemental academic supports for struggling students remain in place for the 2018-19 School Year.	Because this reduction was originally proposed as the funding source for new textbooks and instructional materials, restoring these positions requires ACPS staff to develop alternative plans to fund the acquisition of those items. See Item # ML-2A/CA-3
What is the Probability that the Risk/Impact will Go Away? Given the high number of students requiring additional academic supports, the need for these positions is likely to remain for many years.	**Do you know why the ACPS Board considered this as an "add" item?** Concerns expressed from school-based staff about the need/importance of these positions to provided important academic support to struggling students.
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Risk Assessment Fact Sheet

Add/Delete Title: K-3 TAG Coordinator		Item #: VN-2, ML-6, CA-1, HC-1, RG-1
Add Sponsors: All	**Super Recommended**	$143,000.00

General Description: 1) To ensure we have a robust TAG program that aligns with the recommendations of the recent TAG evaluation 2) That we revisit the entry points into the program as to what is broken so that more minority and low-income students have access to this program. 3) That this role oversees that it becomes an equitable program since right now the data is startling that minorities are so under-represented and Caucasian students are over-represented (62% of students are white yet 27% of the school system is comprised of white students. 4) That there is a commitment of the school system when we invest in an evaluation we prioritize the recommendations that have the biggest impact. Coordinator must make recruitment of traditionally underserved students a top priority. parents of students of color report that their children are viewed differently than white students and seem to be automatically labeled as not TAG eligible. This must be addressed. implement TAG audit recommendations; Adding the coordinator sooner will have a greater impact on the success of the program at all levels as it will free up overall TAG coordinator to work on other evaluation recommendations. improve K-3 one year earlier by implementing recommendations from this comprehensive evaluation. could hire at .5 FTE and increase to 1 FTE in year 2 if needed. Move up hiring of TAG K-3 Coordinator to this year's budget; In the next budget cycle, we will have recommendations from the Special Education evaluation. We need to address the most urgent/costly aspects of the TAG evaluation this year to ensure they are incorporated into our budget.

Details

Although the K-3 TAG Coordinator position was originally planned to be added to the FY2019 Proposed Budget, fiscal constraints and competing budget priorities dictated a course of action wherein the addition of the Coordinator position would be delayed and existing staff would be realigned to implement the recommendations of the recent TAG Study. The recommendations of the TAG Evaluation lay out a three-year plan to: 1) design and implement revised TAG curriculum; 2) provide purposeful and sustained professional development to ensure fidelity of curriculum implementation; and, 3) ensure that high-level text materials are available, especially in the areas of K-3 and middle school literacy/English Language Arts. This new TAG position would play an important part in coordinating the implementation of this plan.

Understanding

What is the Risk that this "Add" Mitigates? Adding this position would provide the additional human capital needed to ensure implementation of the TAG Study recommendations.	**What's the Additional Impact?** Provide a position with the sole focus and responsibility of ensuring a successful and efficacious TAG Program.
What is the Probability that the Risk/Impact will Go Away? The TAG Study identified areas where program improvement is needed; if left unaddressed, these areas will remain less than optimal.	**Do you know why the ACPS Board considered this as an "add" item?** To implement the recommendations of the TAG Evaluation Study as planned.
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Risk Assessment Fact Sheet

Add/Delete Title: Implement Young Scholars Program		Item #: HC-6
Add Sponsors: HC, BC, RC, VN (4)	Super Recommended	$22,000.00
General Description: Continue to expand this Program of early identification and acceleration for students at Cora Kelly, Mt. Vernon, Patrick Henry, Polk, and Hammond to include MacArthur and Ramsey elementary schools next year. This is part of a long-range plan to ensure that <u>all</u> schools will have a Young Scholars Program by the end of the 2021-22 School Year. Includes $2,000 for teacher training and $20,000 for a 3-week summer program.		
Details		
The original <u>FY 2019 Proposed Budget</u> postponed/delayed the plan to expand the Young Scholars Program as a way to reduce the amount of increased City Transfer requested to support the ACPS FY2019 Operating Budget. This would increase the number of ACPS students benefitting from this acceleration/enrichment program each year from 230 to approximately 320, and continue the Program's expansion as planned.		

Understanding	
What is the Risk that this "Add" Mitigates? Interrupting or delaying the implementation of a multi-year plan always includes a risk that the plan, as fully-envisioned, will never come to fruition or even continue. Including this item in the FY2019 Budget will ensure that ACPS' YSP continues expand and provide important educational experiences to an increased number of students.	**What's the Additional Impact?** Expands this acceleration/enrichment program to two additional school sites next year and provides enhanced educational services to approximately 90 additional ACPS students.
What is the Probability that the Risk/Impact will Go Away? If funded in FY2019, the YSP will be a part of seven schools' educational programs. At least four schools beyond these seven have shown a need for or expressed interested in adding the YSP to their curricula.	**Do you know why the ACPS Board considered this as an "add" item?** To continue the expansion of the YSP as planned and allow a greater number of students to benefit from it.
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Review FY 2019 – 2028 CIP Budget Priorities

School Board CIP Budget Priorities

- Swing space (6) (RG,CL, ML,WC,CA,HC)
- Elementary modernization w/capacity (3)(CA, RG, CL,KG, WC, ML)
- Middle and high school modernization w/capacity (WC, HC,RG,CA, CL, KG,ML)
- Pre-K capacity (CA,ML)
- High school, elementary, and middle school maintenance (ML)
- Buildings and grounds landscaping (ML)
- Building systems, up grades, renovations (HVAC, plumbing, cafeteria) and Schedules (CA, RG, CL)
- Equitable facilities (Play Spaces, Cafeterias)(CL)
- Alice training and Emergency Scenario Reform (CA,CL)
- Establishing standards across schools (RG)
- Buses 7 bus facility (CL)
- Land (HC, KG)
- New middle school (WC)
- New elementary school (WC)
- Capacity – Something with Minnie property (KG,CL,HC)
- Internal reporting structures (KG)
- West End school completion and opening (WC)
- ADA (RG, CA)
- Building envelopes (RG)

14 Sep 2017

FY 2019 Combined Funds Budget Priorities

Goal 1: Academic Excellence and Educational Equity	Goal 2: Family and Community Engagement	Goal 3: An Exemplary Staff	Goal 4: Facilities and the Learning Environment	Goal 5: Health and Wellness	Goal 6: Effective and Efficient Operations
• Mathematics (2) (CA, KG, WC, RG) • Literacy (3) (CA, WC, RG) • Science (2) (HC,KG) • Cultural Competency (2) (ML,HC) • Writing (2) (RG, CA) • Special Ed (4) (CA, ML, HC, CL) • Writing (2) (WC) • Gap group (3) (CA, HC, CL) • EL (2) (CL, ML) • Gap Group Achievement (1) (RG) • Pre K (1) (RG) • Alternative Ed Programming (1) (RG)	• Special ED (1) (RG) • Communication (4) (CL, CA, WC, HC) • Language Access (1) (ML) • Education Opp. w/business & NOVA (1) (HC) • EL (1) (RG) • Comm. Partners (3) (CA, ML, KG) • Bilingual Parent liaisons (1) (ML) • Public Outreach (2) (CL, KG) • Direct and Consistent Contacts (1) (WC) • Dialog on Opportunities/Programming for Minnie Howard (1) (HC) • TAG/Acceleration (1) (RG) • Wrap around Serv. (1) (CA) • Social Serv. Outreach (1) (KG) • High Support Liaisons (1) (WC) • Counseling and Academic Advising (1) (CL)	• Competitive Salaries (3) (CA, ML, HC) • Recruit (3) (KG, WC, RG) • Cultural Competency Training (1) (WC) • PD for School Admin (1) (HC) • Professional Dev. (4) (CL, CA, HC, ML) • Leadership Dev. (3) (CL,CA, KG, WC) • Succession Planning (1) (WC) • Retention (3) (KG, CL, RG) • Mentoring (2) (ML, CL) • Customer Service skills (1) (CL)	• Facilities Maintenance (2) (CA, ML) • Meet Capacity needs (2) (CA, ML) • Optimal Learning Environments (3) (CL, KG, WC) • 1701 (1))(HC) • ADA compliance (1) (ML) • Alice Training (1) (CA) • IT (1) (KG) • Outdoor space (1) (KG) • Patrick Henry Oversight (1) (HC) • Timely resolution of Facilities Issues (1) (HC) • 2nd High school planning (1) (WC) • Cultural Competency (1) (CL) • Restorative Justice (1) (CL)	• School nutrition (3) (CA, ML, KG) • Physical Fitness (4) (ML,KG, CA, HC) • Mental Health (4) (HC, KG, CA, ML) • Safe schools for students and Faculty (1) (HC) • Student Incentives (1) (WC) • Faculty Incentives (1) (WC • District-wide Incentives (1) (WC) • Health Care and enrollment & access (1) (CL) • Student Mentorship & Social Service Supp. (1) (CL) • Substance abuse Prevention/Intervention Services (1) (CL)	• Communications (6) (ML, CA, HC, WC, CL,RG) • Revenue and Grant Dev. (3) (ML, CA, RG) • Redistricting Implem. (2) (ML, HC) • Audits/Implementation of recommendations (1) (CA) • Operational Efficiency (1) (KG) • Effective Recruitment Process (1) (HC) • Consistent data analysis and eval. (1) (WC) • Improved planning for execution year projects (1) (WC) • Education Foundation Formation (1) (CL) • Facilities Staffing & Planning Effectiveness (1) (CL) • Optimal and Equitable Environments (1) (RG)

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